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->From the Editor's Keyboard "Saying it like it is!"
"""""""""""""""""""""""""""""

Finally, we're starting to rack up some continuous beautiful summer days! Not too hot, and the humidity has been down - at least here in New England. In the rest of the country, it's been brutal. Let it stay there! <grin> I hope that the next couple of weeks are just as nice - I'm on vacation. It's definitely going to be a time to unwind; I'm looking forward to the time off. No definite plans yet, but we'll think of something. So, with that in mind, I think I'll let this week's comments go at that, and start the vacation early!

Until next time...

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Hatari version 0.40 Released

Hatari version 0.40 has been released.

A lot of bugs have been fixed and some of the most important changes are that Hatari now features support for ZIP and GZIP compressed disk images and you can now also store your emulator settings in an ASCII configuration file.

Please visit the official web site of Hatari for more information.

http://hatari.sourceforge.net/

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PEOPLE ARE TALKING
compiled by Joe Mirando
joe@atarinews.org

People Are Talking will be back next week!

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->In This Week's Gaming Section - Commodore 64 Makes A Comeback!
Atari Reports Smaller Loss!
Video Game Industry Probe!

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->A-ONE's Game Console Industry News - The Latest Gaming News!

Commodore 64 Makes a Comeback

Tulip Computers, which owns the Commodore brand name, plans to relaunch the brand to take advantage in an upsurge of interest in the obsolete Commodore 64 (C64) computer and its 1980s-era games, the company said in a statement Friday.

Tulip estimates that there are still 6 million Commodore users, who can choose from a range of 6,000 games which were developed for the system.

Tulip is working with Ironstone Partners, which will handle all sales of Commodore 64-related products worldwide and take over the main C64 Web portal. Enthusiasts have made over 10 million game downloads, the site owners have said.

Unauthorized use of the Commodore name by other organizations will be stopped, Tulip said in the statement.

Even if the Commodore 64 hardware is obsolete, enthusiasts have written emulators for Windows PCs, Apple Macintoshes, and now PocketPC-based PDAs to enable original Commodore games to run on those systems.

Commodore was one of the pioneers of the PC industry, entering the market in 1977 with its 8-bit PET (Personal Electronic Transactor). The C64 was launched in 1982, followed a few years later by the Amiga.

Slowly, the crucial graphics edge that these systems enjoyed was eroded by successive improvements in Microsoft's Windows OS, and Commodore went into liquidation in 1994. Tulip, based in Amersfoort, Netherlands, bought the Commodore brand name and other assets in 1997.

Regulators Launch Probe Into Video Game Industry

Two video game publishers on Friday said they were part of an apparently wide-ranging probe opened by the U.S. Securities and Exchange Commission into the game industry.

Both Acclaim Entertainment Inc. and Activision Inc. said they had received requests for information from the SEC with regard to a formal investigation into video game manufacturers and distributors.

Acclaim, in an SEC filing, said it was notified of the probe on July 11. Activision, in its SEC filing, did not say when it was notified.

"The investigation appears to be focused on certain accounting practices common to the interactive entertainment industry, with specific emphasis on revenue recognition," Activision said in its filing.

"The SEC has advised Activision that this request for information should not be construed as an indication from the SEC or its staff that any violation of the law has occurred, nor should it reflect negatively on any person, entity or security," Activision said.

Both companies said they are cooperating fully with the probe. An Acclaim spokesman declined further comment, while an Activision spokeswoman was not immediately available for comment.

Activision shares fell sharply in after-hours trade, slipping to $11.25 from a Nasdaq close of $12.46. Acclaim was off slightly to 67 cents in after-hours trade from a Nasdaq close of 68 cents.

"I think the SEC is very likely trying to understand what industry practices are and see if these guys have the potential to manipulate earnings," analyst Michael Pachter of Wedbush Morgan Securities told Reuters.

A spokeswoman for game publisher THQ Inc. declined to comment on the probe. Spokesmen for leading publishers Electronic Arts Inc. and Take-Two Interactive Software Inc. were not immediately available for comment.

An SEC spokesman declined to comment on the investigation. Representatives for other listed video game publishers such as Atari Inc., Midway Games Inc. either were not immediately available or could not immediately comment on the probe.

Atari Reports Smaller Quarterly Loss

Video game publisher Atari Inc., formerly known as Infogrames Inc., on Tuesday reported a smaller quarterly loss on stronger-than-usual game sales.

Atari, mostly owned by French publisher Infogrames Entertainment, reported a loss of $12.7 million, or 18 cents per share, for the period ended in March, compared with a loss of $22.9 million, or 33 cents. Revenue rose to $84.7 million from $50.5 million a year ago.

Atari recently changed its fiscal year, and the March quarter marked the

end of its fiscal 2003.

The company was thinly traded and drew little attention from the investment community until earlier this year, when it completed and released a video game, "Enter the Matrix," based on the "Matrix" science-fiction movies.

Atari shares have jumped nearly 200 percent in about 3 weeks due to the "Enter the Matrix" game before settling back down as the game was released in mid-May.

Atari shares closed up 2.3 percent at $4.92 on Nasdaq.

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A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson

File-Sharing Dips After Threat to Sue

The number of people using several Internet file-sharing services declined by several thousand the week after the music industry threatened to sue online music swappers, an Internet tracking firm said Monday.

Kazaa and Morpheus - two popular file-swapping services - had 15 percent fewer users during the week ending July 6, according to Nielsen/NetRatings. The firm tracks only weekly use by people who sign on to the services from home, regardless of whether they use the services multiple times.

The decline translates to about 1 million fewer users on Kazaa. About 41,000 fewer users signed on to Morpheus and the iMesh file-sharing service that week.

"With the negative publicity and threat of steep fines, some surfers appear to be backing off," said Greg Bloom, a senior Internet analyst with the firm. "However, with millions of loyal users, these applications aren't likely to go off-line in the near future."

The Recording Industry Association of America, which represents the major recording companies, said last month it would soon begin suing individuals engaging in online music file-swapping.

The industry blames music downloading and CD burning for lagging sales in recent years and hopes that by going after users directly, it can curb traffic to the sites.

Messages left with representatives of StreamCast Networks, the company behind Morpheus, and Sharman Networks, who owns Kazaa, were not immediately returned.

Bill Would Put Net Song Swappers in Jail

Internet users who allow others to copy songs from their hard drives could face prison time under legislation introduced by two Democratic lawmakers on Wednesday.

The bill is the strongest attempt yet to deter the widespread online song copying that recording companies say has led to a decline in CD sales.

Sponsored by Michigan Rep. John Conyers and California Rep. Howard Berman, the bill would make it easier to slap criminal charges on Internet users who copy music, movies and other copyrighted files over "peer-to-peer" networks.

The recording industry has aggressively pursued Napster, Kazaa and other peer-to-peer networks in court and recently announced it planned to sue individual users as well.

In a series of hearings on Capitol Hill last spring, lawmakers condemned online song swapping and expressed concern the networks could spread computer viruses, create government security risks and allow children access to pornography.

Few online copyright violators have faced criminal charges so far. A New Jersey man pleaded guilty to distributing a digital copy of the movie "The Hulk" in federal court three weeks ago, but the Justice Department has not taken action against Internet users who offer millions of copies of songs each day.

The Conyers-Berman bill would operate under the assumption that each copyrighted work made available through a computer network was copied at least 10 times for a total retail value of $2,500. That would bump the activity from a misdemeanor to a felony, carrying a sentence of up to five years in jail.

It would also outlaw the practice of videotaping a movie in the theater, a favorite illicit method of copying movies.

"While existing laws have been useful in stemming this problem, they simply do not go far enough," said Conyers, the top Democrat on the House Judiciary Committee.

A Conyers staffer said the bill had won the backing of many Democrats but Republicans had yet to endorse it.

The staffer said backers hoped to discuss the bill at a hearing on Thursday and combine it next week with another sponsored by Texas Republican Rep. Lamar Smith.

Kazaa Derivatives Offer RIAA-Blocking Features

Two derivatives of the popular Kazaa peer-to-peer filesharing service now actively attempt to block scans by the RIAA and other agencies, escalating the P2P war to a new level.

Both Kazaa K++ and Kazaa Lite, two very similar modifications to the Kazaa file-sharing system by Sharman Networks, now contain hooks to the

PeerGuardian database of IP addresses. Both updates were published to the Web at the end of last week.

The two versions available for download are Kazaa Lite 2.4.0, and Kazaa K++ 2.4.0. Although the version numbers are the same, the Kazaa Lite download is 2.67 Mbytes, while the K++ version is 3.11 Mbytes; both are bundled with different features and apparently contain slightly different code bases.

The two developers of the program once worked together, but have decided to release different versions, according to postings by the two authors. Neither are affiliated with Sharman Networks. Freenet, another network, was also designed to allow anonymous, encrypted sharing of files and other information.

Neither developer released any official statement explaining the addition of the new features designed to defeat the RIAA's scanning efforts, which the agency reportedly began at the beginning of this month in an attempt to discover which users are illegally sharing copyrighted files. Once the IP addresses are matched to individual users, the agency will begin filing copyright infringement lawsuits this fall.

The new versions contain several features designed to foil scanning attempts. PeerGuardian attempts to catalog a range of IP addresses used by or suspected to be used by labels, the Motion Picture Association of America, the Recording Industry Association of America, and other agencies. The database is built by contributions of individual users, although the methodology used to determine and verify the IP addresses is unclear.

Users of the latest versions of Kazaa Lite and Kazaa++ also have the option of disabling a function that allows remote users to see what other files the user has. The two P2P updates allow users to block port 1214, used by the Kazaa program, for additional security. In addition, the two programs do not save a user's search history in the registry, and Kazaa Lite also allows the option of erasing the search history automatically after exiting the program.

APEC Takes Aim at Cyber Crime, Virus Writers

Fighting computer hackers, virus writers and other "cyber criminals" will be a key theme of a U.S.-sponsored meeting of Asia-Pacific government officials in Thailand next week, organizers said on Friday.

Officials of the Asia-Pacific Economic Cooperation forum will discuss how to develop cybercrime law enforcement units that work closely internationally and a legal framework for prosecuting cyber criminals, the APEC Secretariat in Singapore said.

The five-day meeting from on Monday in Bangkok is organized by the Computer Crime and Intellectual Property Section of the United States Department of Justice (news - web sites) and hosted by Thailand's National Electronics and Computer Technology Center.

APEC's members are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Taiwan, Thailand, the United States and Vietnam.

"The activities of cyber criminals have direct and harmful consequences for the regional economy," APEC Secretariat Executive Director Piamsak Milintachinda said in a statement.

APEC lists cybercrime as a misuse of computer systems for illegal actions such as theft, fraud or terror activities.

New Eudora 6.0 Beta Available

Qualcomm on Friday released an updated beta version of the next edition of its veteran e-mail client, Eudora.

Once the darling of the technical crowd, but long left in the dust by enterprise clients like Microsoft Outlook and Lotus Notes, Eudora's newest beta, version 6.0.0.12, now features message threads - all the mail about a single subject, for instance, or from a single sender - in a focused view.

It also includes support for sending mail via specific SMTP servers, something many ISPs now require to ensure that their servers aren't used by non-subscribers.

The beta is available in versions for Windows, Mac OS X, and Mac OS 9.2, and can be downloaded from Qualcomm's Eudora Web site.

Mozilla To Rise from the Ashes

In the wake of a major reorganization of AOL's Netscape division that jettisoned the company's Mozilla project, a new Mozilla foundation has been formed to develop and promote the open-source browser. A collaborative software effort on the part of many programmers, Mozilla was the foundation for recent versions of Netscape software.

AOL laid off 58 employees in its Netscape division and announced that it was spinning off the Mozilla Project. AOL also said it will donate US$2 million to the new Mozilla Foundation. With another donation for $300,000 from Lotus founder Mitch Kapor, the fledgling group stands ready to further promote the Mozilla browser.

Though Mozilla is a niche player, some observers see potential for market growth. In the browser market, "there's a war within a war," Yankee analyst Rob Lancaster told NewsFactor. The desktop browser war already has been won by IE, but there is related market struggle for the wireless and business-application space, he explained. While he declined to forecast Mozilla's level of acceptance in these markets, he noted that "there are more and more applications that are developed with Web interfaces."

In the eyes of some industry observers, the Mozilla browser is technically superior to Internet Explorer. PC World magazine put the browser in its "Best of 2003" category, and eWeek raved that Mozilla 1.4 includes "remarkable improvements that enhance what was already the best browser option out there."

Aberdeen analyst Russ Craig, who himself uses Mozilla, told NewsFactor that

"there are a fair number of people who prefer the browser to the continual security issues that come with IE."

Unlike IE, Mozilla supports junk-mail filtering, pop-up ad blocking and tabbed browsing. It was developed to support open standards across a wide variety of platforms, including Windows, Linux, Mac OSX, OS/2 and Solaris.

The Mozilla Foundation will receive ongoing support from Red Hat and Sun Microsystems.

By the end of July, Sun will ship Mozilla for the Solaris OS, and it will make Mozilla the standard browser for Mad Hatter, the company's Linux-based desktop software stack due later this year.

Mozilla is "very near and dear to our hearts," Red Hat spokesperson Leigh Day told NewsFactor. She noted that Red Hat includes the open-source browser in all of its products, and hence is dedicated to supporting its development.

Mozilla welcomes the support. "It has been a long-standing objective of the Mozilla team to create an independent organization so we can continue to lead and innovate," said Mitchell Baker, who will head the new foundation. "Going forward, we will continue to partner with developers and industry leaders to keep content on the Web open."

Mozilla is decidedly an underdog in terms of market share. According to recent surveys, IE has a 95 percent market share, with Netscape holding approximately 3 percent, and Mozilla in the 1 to 2 percent range. Craig said he "expects Mozilla to continue its presence."

Mozilla's tiny market share is partly the result of the browser's geeky image. That is, the Mozilla group, themselves programmers, targeted the browser at the developer community. The new Mozilla organization pledges to work on wider distribution.

Apple recently chose the KDE code instead of the Mozilla platform as the basis of the Safari browser. Apple reportedly chose KDE over Mozilla because of the compact size of the code (less than 140,000 lines) and the ease of development within that code. Some observers saw this as a criticism of Mozilla.

Three months later, Mozilla started focusing its efforts on the Phoenix Project, a smaller, faster version of Mozilla developed with extensible user interface language (XUL). This renders the browser with cross-platform technologies rather than with platform-specific programming language.

MSN Messenger 6.0 Launched

Microsoft released the final version of its MSN Messenger 6.0 instant messaging software Wednesday, touting its new animated emoticons, Webcam service, and expanded device integration amid a marketing campaign designed to elbow out rivals with cold, hard cash.

The Redmond, Washington, company released a public preview release of Messenger 6.0 on June 18, and said that it is celebrating the release of the final version with a "Fast Cash Friday" offer that gives randomly selected U.S. entrants $1000.

The contest runs each Friday between July 25 and August 15, during which the company will award a $1000 prize each hour for ten hours to one user logged onto the new software.

A Microsoft spokesperson in the U.K. said that the contest is aimed at encouraging users to download the new version of the software.

The promotion underscores the increasing rivalry between top instant messaging players, such as Microsoft, Yahoo, and America Online. The three leaders have continued to work on bolstering their IM applications as the market has bloomed.

Some analysts have predicted that the IM market will reach $800 million by 2006, and the software providers have been scrambling to get as big a slice of this pie as possible.

Microsoft, Yahoo, and AOL have all introduced enterprise versions of their IM clients, but have found that maintaining a strong consumer application base is also important.

Messenger 6.0 offers more than 60 new emoticons, some of which are animated. Users also have the ability to make personal emoticons, Microsoft said.

New background pictures and personal display pictures have also been added in a move to allow more personalization of the IM client.

The software has interactive features that allow users to share photos and files while playing online games, and an integrated Webcam service powered by Logitech, Microsoft said.

Microsoft has also expanded the software's device integration, allowing users to send and receive text messages over cell phones and personal digital assistants, as well as send handwritten messages from Tablet PCs.

The company has also launched a new MSN community site where users can download emoticons, images, backgrounds and tools.

Libraries Cancel Meeting on Porn Filters

The American Library Association on Friday canceled a meeting with software developers over how to meet new requirements to block pornography at libraries' Internet terminals.

The Aug. 14 meeting in Washington, D.C., was supposed to have let the ALA outline concerns it had with pornography-filtering software, which libraries now have to install to receive certain federal funding.

The organization gave no reason for canceling the meeting.

But the ALA's immediate past president, Mitch Freedman, had raised objections to it Thursday in an internal e-mail discussion list. The order to cancel came from the group's 13-member executive board, which Freedman sits on, later in the day.

"Simply, having any discussion whatsoever with the filtering companies

legitimizes them, thus giving them a legitimacy that ALA has never recognized," Freedman wrote to fellow librarians on the ALA Council.

A 2000 federal law requires libraries to block pornography or forgo technology grants. The ALA tried to have the law declared unconstitutional, saying software filters often make mistakes and block legitimate sites as well.

The Supreme Court upheld the law last month as some justices noted that filters can be turned off when mistakes are made.

The ALA had planned to tell software developers at the meeting that it wanted such filters easily turned off when needed. It also wanted to know more about the criteria for blocking individual sites, something the companies generally consider proprietary.

In the e-mail, Freedman wrote that it was better for librarians to stay on the sidelines and let the companies "struggle with the Court’s charge to them" to avoid appearances that the ALA thinks filters are OK.

Freedman, director of the Westchester Library System in New York, was on vacation Friday and unavailable to comment, his assistant said. The ALA’s executive director, Keith Michael Fiels, was also out of the office and unreachable, ALA officials said.

David Burt, a spokesman for filtering company N2H2 Inc., said he stood ready to meet should the ALA reconsider.

"We, the filtering companies in general, recognize that we do have a responsibility to build good products and be responsive to the needs of our customers," Burt said. "I think a meeting would have helped maybe smooth over some of the bad feelings."

Pentagon Invests to Make Computers Smarter

The Defense Department said Wednesday it had awarded $29 million in development contracts for software aimed at making computers adapt much better to users’ needs.

Such systems will become more responsible for their own maintenance, do a far better job of warding off computer-security threats, manage internal resources more effectively and have "drastically reduced development and deployment costs," the Defense Advanced Research Projects Agency said.

DARPA, the Pentagon’s incubator for long-range research projects and the cradle of what became the Internet, said technologies developed in the program were expected to help business and researchers as well as the military.

Under the project, called Perceptive Assistant that Learns, or PAL, DARPA said it had handed out two contracts, each for the first phase of five-year programs that could "revolutionize how computers interact with humans."

SRI International, Menlo Park, California had been given $22 million, and Carnegie Mellon University’s School of Computer Science in Pittsburgh, Pennsylvania, $7 million, the Pentagon agency said.

DARPA’s Information Processing Technology Office, which is managing the effort, aims to develop "cognitive" computing systems - ones that can reason, learn from experience, take advice, explain themselves and respond intelligently to situations never encountered before, a statement said.

"If cognitive systems become a reality, we will have computer systems far better at adapting to their users’ needs, and far better at coping with unexpected inputs than today’s systems," DARPA added.

Macworld Show Opens in New York

In a virtual re-run of Apple Computer Inc. CEO Steve Jobs’ Worldwide Developers Conference address, Apple Vice President of Hardware Product Marketing Greg Joswiak opened Macworld CreativePro here today with a demonstration of the forthcoming generation of Apple’s desktop hardware and Mac OS X.

Besides singing the praises of the forthcoming Power Mac G5 and the "Panther" version of Mac OS X, Joswiak made a couple of announcements aimed at the media professionals that comprise the core of the show’s audience.

In response to Adobe Systems Inc.’s recent announcement that it is ceasing Mac development of its Premiere video-editing package, Joswiak said that Premiere owners will be able to switch to Apple’s $299 Final Cut Express for free or get a $500 rebate on the Mac maker’s $999 Final Cut Pro 4 package. Buyers of new Mac models will be able to purchase Final Cut Express for $99.

Joswiak also announced the August availability of Soundtrack, software that can be used to assemble background audio for videos or web sites. Previously available only as part of Final Cut Pro, the stand-alone Soundtrack package will cost $299.

"Adobe has embraced it with their very best applications: Photoshop, InDesign and Illustrator," Joswiak said, apparently discounting the importance of Premiere to the market.

Joswiak kicked off his presentation by addressing the state of migration to OS X. Claiming 7 million users of the operating system, he touted the recent release of QuarkXPress 6.0, the long-awaited Mac OS X-native version of Quark Inc.’s flagship page-layout application.

The rest of Joswiak’s presentation at the Jacob K. Javits Convention Center here echoed WWDC in San Francisco, where Jobs rolled out the 64-bit Power Mac G5, due to ship this summer, and Mac OS X 10.3, a k a Panther, which sources have predicted will arrive in September. Joswiak repeated Jobs’ WWDC assertion that the new Power Macs, which will initially top off with a dual-2GHz configuration, will reach the 3GHz mark within the next 12 months.

This week’s show marks the first domestic Macworld without a Jobs keynote presentation since the Apple co-founder took the helm of the company in summer 1997. Apple declared its intention to scale back its commitment to the East Coast show in late 2002, ostensibly in response to show organizer IDG World Expo’s plans to relocate the event to Boston in 2004.

Internet Sales Tax Effort May Be Dead for 2003

Three dozen states seeking congressional approval for their plan to tax all Internet sales may have missed their chance this year.

Two key congressional panels today signalled that they are not willing to hitch the online sales tax issue to a planned extension of the Internet tax moratorium, a law that bans taxes on Internet access and Internet-specific services.

"This year, I believe we can and should keep the Internet tax moratorium distinct from the simplified sales tax debate," said Senate Commerce Committee Chairman John McCain (R-Ariz.), referring to the Streamlined Sales Tax Project, a state-led effort to develop a national framework for collecting sales tax on all Internet purchases.

McCain pledged to try to pass the Internet tax moratorium before Congress adjourns for its August recess. He indicated that his panel would hold separate hearings on the states' Internet sales tax plan later this year.

In the House, the Judiciary Committee today approved legislation to permanently extend the Internet tax moratorium, which is set to expire in November. The online sales tax effort was not included in the House measure, though Judiciary Chairman James Sensenbrenner (R-Wis.) said that his committee may hold hearings on that later this year.

Today's actions in Congress are just the latest sign that the states' campaign to level the sales tax playing field may be losing steam, at least for 2003.

"I think a lot of people - including the states - are starting to recognize that the [Internet tax moratorium] is not a viable vehicle anymore" for the sales tax effort, said Scott Corley, spokesman for the Information Technology Industry Council. "On top of that, the states simply haven't made the progress they thought they would," he said.

For their part, the states insist that they are making real progress. The state coalition already has met its goal of having 10 states representing 20 percent of the U.S. population ratify the Streamlined Sales Tax Project agreement, a threshhold the states said they would meet first before taking their plan to Congress, according to Neal Osten, director of commerce and telecommunications for the National Conference of State Legislators. NCSL helped shape the states' Internet sales tax plan.

Osten said the states chose to unhitch the Internet sales tax agreement from the moratorium to avoid confusion.

"It's a complicated topic that when you combine them confuses everyone," Osten said. "The access tax moratorium gets into a whole nest of issues that outside the scope of what we want to do."

Osten added that the Streamlined Sales Tax Project is crafting legislation to be introduced as early as next week that would call on Congress to recognize the states' effort. That legislation will be introduced by Rep. Ernest Istook (R-Okla.) and Sen. Mike Enzi (R-Wyo.), he said.

An Enzi spokesman confirmed the senator is working on a bill, but added

that "it could be weeks" before the proposal is formally introduced. Istook’s office declined to comment.

Bruce Johnson, commissioner of the Utah State Tax Commission and a co-chair in the sales tax simplification group, said it would probably work out better if Congress doesn’t get around to dealing with the issue until next year, given that many states that passed laws to bring their tax codes in line with the agreement have delayed the effective date until next summer.

"I’m afraid that if we go to Congress before this thing is actually up and running that there may be a temptation for people who want to hang some bells and whistles on this. I think that if we had some operating history under our belt before Congress looked at this, we’d be in better shape overall," Johnson said.

Meanwhile, the campaign to extend the Internet tax moratorium, perhaps permanently, is moving forward and could include language to close several loopholes.

Executives from America Online and Sprint told the Senate panel today that many states are using creative methods to get around the access tax prohibition.

Mark Beshears, Sprint’s assistant vice president of state and local tax, said several states have begun taxing Internet access if it is offered in conjunction with traditional voice and wireless services.

"This clearly violates the intent of the [access tax ban]," Beshears told the panel. "Some states have asserted that our service is subject to taxation while competing cable modem and direct satellite Internet access are tax exempt."

To date, least 18 states have found ways to collect taxes on Internet access, despite the current ban. Tax authorities in Alabama, Florida and Kentucky are assessing sales taxes on the amount consumers pay for high-speed digital subscriber line Internet service, commonly referred to as DSL. Maryland, Virginia, and 13 other states have passed laws that require Internet access to be taxed when it is "bundled" with other taxable services by a single provider, such as a telephone company. Another six states are poised to enact similar legislation.

The lobbying campaign to close the loophole appears to be gaining ground. The tax moratorium measure approved today by the House Judiciary Committee would bar states from taxing Internet access when it is bundled with other communications services.

In the Senate, Republican staffers said Sen. George Allen (R-Va.) plans include a provision to prevent the taxation of bundled telecom services in his bill to permanently extend the Internet access ban. Sen. Ron Wyden (D-Ore.), who has offered a similar bill, is also considering such a measure, a spokeswoman said.

The issue of Internet taxes, as today’s news shows, is highly arcane. The tax moratorium applies only to Internet-specific services, such as a subscription for DSL or cable broadband service. It does not ban Internet sales taxes. Under current federal law, Internet merchants must charge applicable sales taxes if the buyer is located in the same state where the seller has a store or distribution center. But that rule captures relatively few Internet sales, nor does it address how state taxing authorities would enforce collection.

Nearly 40 states joined the Streamlined Sales Tax Project in a bid to level the sales tax playing field, concerned that failing to tax all online sales would put main street stores at a disadvantage and cut into state and local tax receipts. The states not only need congressional approval to extend Internet sales taxes nationwide, but also must modify their own separate sales tax laws to comply with their national proposal.

EU Wants Meaty Action on Growing Email Spam

A global effort is needed to fight the curse of spam, junk email that clogs up computer systems everywhere, the European Commission said on Tuesday.

It said it wanted EU states to make sure they enforce new rules against spam from October. It was also discussing action with the United States and wanted the Organization for Economic Cooperation and Development (OECD) to play a role.

"Spam has become a serious problem for all of us, for all individuals. It is extremely annoying. It takes time to find out if you have valid emails," European Telecoms and Information Society Commissioner Erkki Liikanen told a news conference.

He quoted figures showing around 48 percent of global email traffic was spam and time wasted in clearing it out of inboxes cost firms $2.8 billion in productivity.

Most of the nuisance mails were selling products, including financial services, 24 percent was pornography-related while six percent was fraud letters, such as a now well-known get-rich-quick scheme of mails purporting to be from Nigeria.

Liikanen urged EU states to apply a new law on spam which will come into force from October which means people have to consent to receiving mails. He said he would come up with new ideas on how to fight it in a communication in the autumn.

"Member states will have to make sure the enforcement of the opt-in is a priority. It must be a priority for them to prosecute wrongdoers operating within that country," he said.

But the problem went beyond the EU, he said, as much unwanted email came from outside the bloc. He was encouraged to see the United States considering anti-spam rules.

"The second objective will be to cooperate effectively on enforcement... Multilateral forums like the OECD can also play an important role in this regard," he said, referring to the group which gathers top industrial nations.

He said he had proposed the group hold a seminar on spam in Brussels in January next year.

Massachusetts Pursues Lone Battle Against Microsoft

Massachusetts, the only US state still waging an anti-trust war against Microsoft Corp., urged the federal court to overturn a deal between the government and the software titan.

District Court Judge Colleen Kollar-Kotelly on November 1 approved a government-Microsoft deal to settle a four-year battle over the software giant’s illegal squelching of competitors.

The settlement forced billionaire Bill Gates’ firm to disclose some technical information and barred it from making anti-competitive agreements on Microsoft products.

But Massachusetts said the measure did not go far enough.

"The failures of the district court’s remedy are profound," said the brief filed by Massachusetts Attorney General Thomas Reilly.

"It fails to stop Microsoft’s illegal conduct and does nothing to restore competition to the monopolized market or to prevent Microsoft from engaging in similar means to the same unlawful end," it said.

Massachusetts argued that the judge’s ruling reflected a "critical misunderstanding of the liability theory of this case."

Nine states and the District of Columbia had originally held out against the deal but Massachusetts is now alone in pushing on with the battle for harsher restrictions on Microsoft.

The only other hold-out state, West Virginia, dropped out last month.

Wednesday’s filing by Massachusetts was a scheduled reply to a Microsoft brief filed June 18. The company has urged the appeals court to reject Massachusetts’ appeal.

Microsoft said Massachusetts was pursuing "extreme" remedies, including a proposal to allow computer makers and consumers to remove features bundled into the Windows operating system.

Kollar-Kotelly’s "thorough review and comprehensive rulings represent a fair and appropriate remedy in this case," it said.

The appeals court will hear oral arguments on November 4.

Bertelsmann Seeks Dismissal of Napster-Related Suits

German media company Bertelsmann AG said on Thursday it filed a motion to dismiss three suits that allege it perpetuated online piracy by funding the Napster music-swapping service.

Bertelsmann said the motion it filed in Manhattan federal court on Thursday argues that recent court opinions counter allegations by Vivendi Universal Universal Music Group, EMI Group Plc and music publishers that its entities were "vicarious" and "contributory" copyright infringers.

Bertelsmann said in a statement that U.S. copyright law does not permit recovery from a third-party lender for damages the plaintiffs failed to

recover from Napster.

Lawyers and representatives for EMI, Universal Music and the music publishers were not immediately available.

EMI in June became the second big record label to join the $17 billion legal fight brought by music publishers against Bertelsmann, following a similar suit by Universal in May.

All three suits accused Bertelsmann of perpetuating Napster's success by investing more than $100 million in the service in 2000 and 2001.

The music industry has blamed services like now-idled Napster and several similar networks for much of the recent slump in record sales.

Bertelsmann owns the BMG family of record labels, the smallest of the big five record companies, with artists like Elvis Presley, The Strokes and Aretha Franklin.

Like Universal, EMI filed its copyright infringement suit in U.S. District Court in New York.

In April, Universal and EMI Group Plc sued San Francisco-based Hummer Winblad Venture Partners, the venture capitalists that once backed Napster.

At its peak, Napster had some 60 million users downloading songs through its service. But after a federal court ruled the service ran afoul of copyright laws, it was shut down in 2001, and it declared bankruptcy last June.

CD-burning software company Roxio Inc. has purchased the assets of Napster and plans to re-establish it as a legitimate pay service.

When Bertelsmann invested in Napster in 2000, it had originally said it wanted to build a legitimate music subscription service.

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